

**APPENDIX IV**

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May 9, 2011

AHF - Bay Fund, LLC  
1310 North White Chapel Blvd.  
Southlake, Texas 76092  
ATTN: Michael N. Nguyen

Re: Purchase of Brampton Court Apartment Homes

Dear Mr. Nguyen:

I represent Summit Property Group which is the contract vendee under a certain Purchase and Sale Agreement ("Agreement") with your company to purchase the above-referenced 352 unit residential property.

I am hereby notifying you that your company is in breach of the Agreement and that unless the breaches are cured forthwith, my client will seek judicial intervention to require you to specifically perform your obligations under the Agreement. Such breaches include, but are not limited to the following:

Paragraph 18 of the Agreement requires that between the contract date and the date of Closing, you shall: *"(a) maintain the Property in its present condition, ordinary wear and tear excepted; (b) maintain all casualty, liability and hazard insurance...with respect to the Property; and (c) lease, operate, manage and enter into contracts with respect to the Property, in substantially the same manner done by Seller prior to the date hereof, maintaining present services and sufficient supplies and equipment for the operation and maintenance of the Property in substantially the same manner as prior to the date hereof."*

Instead of maintaining the property, you have neglected it and caused it to go into substantial disrepair. Such neglect has caused a serious mold condition to spread throughout the units. It has rendered most of the refrigerators unusable. It has resulted in the loss of more than 80 HVAC units and damage to many more.

Paragraph 14 of the Agreement places the risk of loss upon you as the Seller. Portions of the real property and personal property have been damaged or destroyed since the contract date.

Pursuant to this paragraph: *"Seller shall have sixty (60) days after the date of such damage or destruction to obtain a written estimate of the cost to repair the damaged portion...and to provide to Buyer a copy of such written estimate... If the Repair Estimate is \$500,000 or less, Seller shall have the choice to either make the repair(s) or credit Buyer the Repair Estimate."*

Demand is hereby made upon you to advise whether you have obtained a Repair Estimate and whether you have filed an insurance claim with respect thereto, and to provide details of both actions.

Paragraph 6 of the Agreement provides that: *"Seller shall comply with all notes or notices of violations of law or municipal ordinances, orders or requirements...by any governmental department having authority as to lands, housing, buildings, fire, health, environmental and labor conditions affecting the Premises."*

I have been advised that governmental fines have been imposed by reason of these code violations. As such unpaid fines for code violations are deemed to render property unmarketable (See, *Henley v. MacDonald*, 971 So.2d 998 [Fla. 4<sup>th</sup> DCA 2008]) and as the Agreement (Paragraph 6) requires that: *"Seller shall cure all such defects or objections which can be cured solely by the payment of money..."*, you are contractually obligated to clear these violations and fines.

Enclosed herewith is my client's repair estimate with respect to the aforesaid items. Upon review of this estimate, please advise in writing: (a) which, if not all, items you intend to repair/replace; (b) when such work will be performed; and ( c ) when you expect to have cleared all violations and objections to title, so that the Closing can be scheduled.

Sincerely,



Jay R. Vidars

cc. Steven L. Daniels, Esq.  
Arnstein & Lehr LLP  
515 North Flagler Drive, 6<sup>th</sup> Floor  
West Palm Beach, FL 33401

Summit Property Group

Brampton Court  
Violation Repair List

Item	Units	Cost	Total Cost	Description
Smoke Detectors	350	30	\$ 10,500.00	Life safety
Mold Cleaning treatment	150	800	\$ 120,000.00	Due to negligence
Missing Plumbing Risers	10	1000	\$ 10,000.00	violations
No Working Elevators			\$ 200,000.00	Violations
Trash Chutes	8	1000	\$ 8,000.00	Violations
Hvac	86	3000	\$ 258,000.00	theft, council requires new system with new lines
Unpaid Fines			\$ 250,000.00	Approx amount
Door Closers	400	50	\$ 20,000.00	Life safety
Door Closers Installation	400	125	\$ 50,000.00	Life safety
Fire Rated Doors	200	100	\$ 20,000.00	Life safety
Door installation	200	178	\$ 35,600.00	life safety
Alarm Upgrade	1	40000	\$ 40,000.00	Life safety
Blaster Upgrade	2	45000	\$ 90,000.00	Life safety
Permits	4	10000	\$ 40,000.00	missing permits
		Total	\$ 1,152,100.00	
Painting of Exterior	1	261	\$ 261,000.00	Violations ?